

The USA between the wars.

The Roaring Twenties.

Isolationism.

The USA had been led into the First World War by President Woodrow Wilson. He had called it 'a war to end wars.' When he returned to the USA after his efforts at Versailles, he found that most Americans no longer wanted anything to do with the rest of the world. There were many reasons for this. One hundred thousand Americans had been killed, and the war itself had disrupted trade with other countries. In 1920, half the people in America had been born outside the USA, mostly in Europe. They had left their homes in Europe to start new lives in the USA. Many of these immigrants had unhappy memories of their early years. To them Europe meant poverty and harsh, sometimes cruel, government. Moreover, Communist ideas seemed to be sweeping Europe after the Russian Revolution. Many Americans were deeply opposed to Communism. They thus wanted to avoid any contact with Europe. 'Woodrow Wilson hoped that the USA would play a big part in world affairs, through his League of Nations, but he found little support for it. The USA never signed the Treaty of Versailles and never joined the League of Nations. America's policy came to be called isolationism: the wish to stay out of any involvement with other countries. This policy remained unchanged until 1941.

Intolerance.

#### IMMIGRATION.

American hostility to foreigners did not end with isolationism. For many years America had kept an 'open door' to immigrants from all over the world. Now this policy began to change. From 1921 the 'open door' began to close. The number of immigrants allowed into the USA was gradually cut until, by 1929, only 150,000 entry visas per year were granted — less than half the number allowed in 1921. There was also a quota system that made it easier for immigrants from western and northern Europe to enter and discriminated against those wishing to come from southern or eastern Europe. Immigrants were allowed into the USA in proportion to the percentage age of that nationality in the total population of the USA. However, in the 1920s most of the people wanting to come in were Jews from eastern Europe or Italians and Greeks from southern Europe.

Americans who had come from north-western Europe and had lived in the USA for several generations were known as WASPs, White, Anglos-Saxon Protestants. They had always held power and feared losing control to Jews and Roman Catholics.

Racism.

This racist attitude was also felt against people already living in the USA. A group called the Ku Klux Klan gained strength in the 1920s. Most of its members were poor whites afraid of blacks and immigrant workers, who were willing to work for low wages. Although the Klan was started in the southern USA, its strength grew in the north and west. Covered in white sheets, with pointed hoods, Klan members attacked and terrified blacks, Jews and Roman Catholics. Sometimes their victims were tarred and feathered, lynched or had their houses burned down. The Klan's leader was called 'The Imperial Wizard and the group had five million members by 1925.

Why was there an industrial boom?

Many Americans, however, forgot Woodrow Wilson's high ideals and got on with 'normal' life. 'Normal' life for most of them meant the business of working hard and making money. The 1920's was a boom time in the American economy. American industry, backed by huge reserves of coal, steel, and oil, and undamaged by the Great War, expanded enormously. Industrial goods such as steel, tin, glass, chemicals and machine-tools were produced on a huge scale.

Most noticeable, however, was the boom in consumer goods. Radios, telephones, gramophones, watches, cameras, washing machines, vacuum cleaners and hundreds of other items were produced in large numbers. Things which had been luxuries before the First World War were now made at a price that millions could afford.

#### THE CAR INDUSTRY.

The most striking example of these consumer industries was the car industry. In Detroit, Henry Ford set up a fully automated factory.

#### THE CINEMA INDUSTRY.

People had money to spare in cinemas. During the 1920s, thousands of silent black and white films were produced.

#### GOVERNMENT POLICIES.

Industry was also helped by the economic side of America's isolationist policy. Americans wanted to help their own industries and make trade difficult for foreigners. The government therefore set up high tariffs or import duties. This meant that any foreign-made item coming into the USA had an extra tax attached to it. Its price to the American public was therefore increased. In this way, American industry was protected, because their products were cheaper and sold better. With work available for most people trade unions declined. Some employers would not allow a union in their factories.

The Presidents who were in power during the 1920s preferred to leave American business to look after itself. Woodrow Wilson was defeated in the 1920 election by Warren G. Harding. President Harding (1920-1923) was a pleasant enough man but too easy-going. He was taken advantage of by his corrupt poker-playing friends called the Ohio Gang. The scandal may have helped bring on his sudden death in 1923. He was succeeded by Calvin Coolidge (1923-1923). Coolidge had said 'the business of America is business'. He was an honest man, but did little, and made no changes in the policies of high tariffs and government help for industry which had gone on under Harding's administration.

#### PROHIBITION.

If ordinary American businesses bent the laws a little, one vast and very profitable business was completely outside the law: that of making and selling alcohol. In 1919, the US Congress passed the Eighteenth Amendment to the Constitution declaring the manufacture and sale of alcoholic beverages illegal. This was called Prohibition.

Many Americans were very religious people and felt that alcohol was the root of social problems. Perhaps it was, but many other Americans still liked a drink.

Their thirst was met by gangsters who took over the entire alcohol business. They ran illegal bars called speakeasies, imported alcohol drink ('bootleg') or had it made secretly ('moonshine').

Prohibition not only provided opportunities for gangsters; it turned many ordinary Americans into criminals.

Did everyone enjoy the boom?

When Herbert Hoover successfully stood for President in 1928, he declared: 'We in America are nearer the final triumph over poverty than ever before in the history of mankind.' Within a year, the boom was all over. America was heading into the depths of a Depression, all the worse for the contrast with the preceding years.

Even as Hoover spoke, the prosperity so obvious in every town and city was not enjoyed by everybody. Farmers, for example, had never shared in the 1920s boom. The use of new machinery like the combine harvester meant that they were producing food too cheaply. The prices they received at home for their farm produce were very low. Now could farmers sell abroad: high tariffs prevented foreign countries from selling goods in the USA, so foreigners did not have dollars to buy American farm produce. Moreover, there was strong competition from other countries like Canada on the world market. Many farms did not have electricity, so it was impossible for the farmers to use the new household gadgets even if they could afford them. Black Americans did not share in the boom either. Many blacks from the south had moved to whites in low-paid factory jobs, and poor people could not buy consumer goods on a large scale.

The fact was that the gap between rich and poor was very large: the top 5% of Americans earned one-third of all income. The 1920s boom was a boom in mass-produced goods, but there was a limit to how many fridges, watches, washing machines and so on families who could afford them wanted to buy. By the later 1920s the boom was slackening off. 'Too many goods were being produced for the home market to absorb, and it was not possible to switch to selling abroad. Foreign countries could not buy American goods because they lacked dollars. Also, many countries protected their own industries with high tariffs as the Americans did.'

### THE WALL STREET CRASH.

The end eventually came in 1929 with the Wall Street Crash. Wall Street in New York City is the financial centre of the USA, where shares are bought and sold.

In the 1920s, dividends went up and share prices went up because so many people wanted to buy. If you had bought shares, at whatever price, you could still sell six months or a 'year-later' at a higher price. Soon people did not take much notice what company they were buying shares in. Some companies did not actually make anything. They made their profits by simply buying and selling shares.

By 1929, it was clear that American Industry was making goods faster than it could sell them and that profits were falling. Cautious people began to sell shares. The panic spread: more and more people realised that their shares were worth a lot only if someone was willing to pay for them.

Once the rush to sell shares began the situation went from bad to worse.

Many Americans had borrowed money to buy shares, hoping to pay back their loans when their shares rose in price. When shares fell, they could not pay back the loans: they were financially ruined. American banks are often small and independent. If enough customers could not pay back their loans, the bank itself could go bankrupt.

If this happened, ordinary people who had savings in the bank lost their savings. In this way, the Wall Street Crash affected all sections of the population all over the country.

### **THE GREAT DEPRESSION.**

The Wall Street Crash soon affected industry. As production declined, unemployment rose and money became scarce.

As factories closed, workers found themselves unable to pay rent or to repay mortgages, or even to buy food. In the 1920s governments had done little to look after the poor and unemployed. Now their number had increased dramatically and there was no system to cope with the results of unemployment: no dole, no social security.

#### **Depression in agriculture.**

In the country, however, things were worse. With so many people unemployed, farmers could not get good prices for their produce. They had not benefited from the boom in the 1920s so they had very little savings. Banks still demanded mortgage payments, and many farmers with falling incomes could not pay them. They had to sell up and move on. In parts of the farmlands of the west a drought occurred. This, combined with bad farming methods, turned the land into what was called the 'Dust Bowl'. Millions of acres of dried out topsoil simply blew away in dust storms.

#### **Opposition.**

Considering the numbers of people involved and the depth of their poverty, there was little violence.

President Hoover believed that American business had produced this boom because it had been left alone by the government. He now believed that business would also produce the solution to the Depression if it were left alone. During 1930 and 1931 Hoover did little to help as things grew worse and worse. In the 1932 Presidential election, he was opposed by a man with a very different solution to these problems.

### **Franklin D Roosevelt and The New Deal.**

The Democratic candidate who stood against Hoover was Franklin D Roosevelt. He was from the rich upper classes of America, but he and his wife, Eleanor, had a real sympathy for the poor of the USA.

#### **The New Deal.**

The goals of the New Deal were:

- to help those people hard hit by the Depression,
- to revive American business,
- and to build a better America.

FDR closed all the banks and had them investigated. Those which were sound were allowed to re-open. This meant that people would have confidence in them. In this same week, he cut salaries of civil servants and ended Prohibition.

### **AGRICULTURAL ADJUSTMENT ACT.**

Farmers had been over-producing, with the result that prices fell and were too low for them to make a proper living. The A-A-A set up a quota system: each farmer was to produce only a certain amount. This limit on supply pushed up the price at which they could sell. Any loss was made up by a government subsidy.

### **NATIONAL INDUSTRY RECOVERY ACT.**

the NRA encouraged workers and employers to get together to work out a code of fair conditions: minimum wages, maximum hours and standards were agreed. Goods made under the codes were sold with a 'Blue Eagle' tag.

### **HOME OWNERS LOAN CORPORATION.**

The government took over people's mortgages, and lent money at specially low interest rates to help people over the crisis period. The idea was that in times of Depression government should spend money to get the economy going again.

### **PUBLIC WORKS ADMINISTRATION.**

It spent more than 1,000 million dollars on all sorts of projects: airports, hospitals, city halls.

### **FEDERAL EMERGENCY RELIEF ADMINISTRATION.**

It was founded to give quick relief where it was needed most.

### **CIVILIAN CONSERVATION CORPS.**

In which young men could work for several months in the American countryside.

## **Was the New Deal a failure?**

Higher food prices helped farmers but hit the poor. Cutting public spending to balance the budget led to more unemployment. Blue Eagle codes might protect the consumer, but they made business less profitable. The TVA was like a democratic version of Stalin's plans, but only covered one small part of the USA. No attempt was made to extend it to the whole country. The New Deal showed that democracy was not powerless in the face of great problems.

The federal government of the USA had been allowed to fall into disuse by the Presidents of the **1920s**. FDR gave the federal government a job to do: to look after the weaker members of society and to build a better country.

### **The Locarno Honeymoon.**

In the **1920s** both Britain and France signed agreements outside the League while trying to look after their positions in Europe. France made alliances with countries in eastern

Europe to try to keep Germany isolated. Germany had always rejected all the boundaries laid down at the Treaty of Versailles but in **1925** it signed the Locarno Pact, Germany promised to keep to the boundaries on its western borders laid down at Versailles but it made no mention of Germany's eastern boundaries.

In **1926** Germany became a member of the League. In the same year, the Kellogg Pact was signed by 65 countries, including the USA and the USSR, all those promised never to go to war again.

The five years from **1925** to **1929** were known as the 'Locarno Honeymoon'. Even so little progress was made on disarmament.